Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
BellSouth Corporation	)	RM-11299
	)	
Petition for Rulemaking To Change The Distribution Methodology For Shared Local Number Portability and Thousands-Block Number Pooling Costs	))))	

INTEGRA TELECOM'S OPPOSITION TO PETITION FOR RULEMAKING

BellSouth Corporation has filed a petition to open a rulemaking docket to change the methodology for distributing the industry shared costs of local number portability and thousands-block number pooling (hereinafter referred to as "porting" and "pooling"). Integra Telecom opposes BellSouth's petition because it would adversely impact competitive LECs like Integra and would hinder competition by dramatically increasing competitive LECs' costs associated with porting and pooling. It simply is not necessary for the Commission to reconsider its rules at this time.

As background, Integra is a facilities-based competitive LEC headquartered in Portland, Oregon. Integra employs more than 600 people. Integra provides service, including local, long-distance, high-speed Internet and data services, primarily to small and medium-sized businesses in Oregon, Washington, Minnesota, North Dakota, and Utah. As a competitive LEC, Integra incurs costs associated with porting and pooling and pays shared industry costs under the FCC's accepted revenue-based methodology. According to Neustar, the Local Number Portability Administrator and National Pooling Administrator, Integra would have paid nearly five times more under BellSouth's usage-based scheme than it did under the current revenue-based methodology for January through November 2005. That nearly five-fold increase in costs would adversely affect Integra's, and other competitive LECs', ability to compete by drastically increasing their costs associated with porting and pooling and, therefore, ultimately would harm consumer choice.

The arguments BellSouth advances in its petition do not justify BellSouth's proposed cost increase. The Commission has already considered the appropriate methodology for allocating the costs associated with porting and pooling and decided that a revenue-based approach is appropriate. In fact, when the Commission adopted its revenue-based methodology, BellSouth argued **against** a usage-based methodology for allocating shared costs. Citing BellSouth's reply comments, among others, the FCC noted in the *Third Report and Order*:

> A number of incumbent LECs, competitive LECs, state commissions, and CMRS providers favor allocating all regional database costs, including the nonrecurring, recurring, upload, and download costs. These commenters contend that usage-based charges would impermissibly exclude those carriers that do not use the databases from having to pay some regional database costs, in violation of the "all telecommunications carriers" language of section 251(e)(2), that the database costs are not

> discretionary, but necessary costs of doing business, and that the database costs are not demonstrably usage-sensitive.[1]

BellSouth has provided no compelling reason for the Commission to now change its rules. BellSouth's argument essentially is based on the single fact that BellSouth continues to pay more each year as its portion of the shared costs of pooling and porting although the number of billable transactions generated by BellSouth has declined. However, the Commission contemplated this scenario when it rejected a usage-based methodology and adopted a revenue-based methodology. "Distributing the shared costs among telecommunications carriers in proportion to database use would shift these costs to telecommunications carriers that win more customers because such carriers will perform more uploads."[2] The Commission recognized that BellSouth, as an incumbent LEC, has a large embedded customer base (and, consequently, high revenues) from which other carriers would solicit and "win" customers. Therefore, competitors, not incumbents, would generate the most billable transactions. That was the case in 1998, and it is still the case today. That fact does not justify changing the cost allocation methodology, and the Commission should deny BellSouth's petition.

Alternatively, if the Commission decides it is time to re-examine the methodology for allocating shared industry costs of porting and pooling, the Commission need not initiate a rulemaking proceeding based on BellSouth's

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[1] *In the Matter of Telephone Number Portability*, 13 FCCR 11701, 11742-11743; 1998 FCC LEXIS 2252 (FCC 98-82 May 12, 1998) (footnotes omitted) ("*Third Report and Order*").
[2] *Third Report and Order* at ¶ 88.

limited submission. Consistent with the comments of CompTel, Integra suggests as an alternative that the Commission obtain wide-ranging input on the issue through the opening of a Notice of Inquiry. A Notice of Inquiry would permit the Commission to obtain comments from the industry on alternatives to BellSouth's usage-based proposal without the rigidity and formality associated with a Notice of Proposed Rulemaking.

In sum, Integra respectfully requests the Commission deny BellSouth's petition or, in the alternative, issue a Notice of Inquiry instead of a Notice of Proposed Rulemaking.

Dated this 5th day of January, 2006.

Respectfully submitted,

INTEGRA TELECOM

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